

VZCZCXRO6236
PP RUEHQU
DE RUEHPU #1311/01 2011152
ZNR UUUUU ZZH
P 201152Z JUL 06
FM AMEMBASSY PORT AU PRINCE
TO RUEHC/SECSTATE WASHDC PRIORITY 3560
INFO RUEHZH/HAITI COLLECTIVE PRIORITY
RUEHBR/AMEMBASSY BRASILIA PRIORITY 1126
RUEHSA/AMEMBASSY PRETORIA PRIORITY 0971
RUEHQU/AMCONSUL QUEBEC PRIORITY 0517
RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY

UNCLAS SECTION 01 OF 02 PORT AU PRINCE 001311

SIPDIS

SENSITIVE
SIPDIS

STATE FOR WHA/CAR
EB/IFD
STATE PASS TO USAID FOR LAC/CAR
TREASURY FOR JEFFERY LEVINE
COMMERCE FOR SCOTT SMITH

E.O. 12958: N/A

TAGS: [ECON](#) [EAID](#) [ENRG](#) [PGOV](#) [HA](#)

SUBJECT: MINISTER REPORTS THREATS ON PUBLIC PROJECTS,
REQUESTS US BUSINESS ASSISTANCE

¶1. (U) This message is sensitive but unclassified: please protect accordingly.

¶2. (SBU) Summary: Minister of Public Works, Transportation and Communication, Frantz Verella, told Ambassador July 17 that his public works projects in Port-au-Prince are threatened regularly by bandits demanding money from those carrying out the projects. He cited the example of a power struggle over projects to sell subsidized clean water to poor neighborhoods in Port-au-Prince. Reportedly, bandits are vying for control so that they can sell the water at an inflated price. Verella said he has the cooperation of the Haitian National Police (HNP) and plans to strengthen security surrounding his projects. According to Verella, the most important contribution the U.S. can make to Haiti's development is technical and managerial expertise for the business sector. He discussed the possibility of a tender for various private sector suppliers to act as operators in the telecom and electricity industries, both of which are state-run and riddled with inefficiencies and corruption. End summary.

Bandits Threaten Public Works Projects

- - - - -

¶3. (SBU) Minister of Public Works, Transportation and Communication, Frantz Verella, told Ambassador July 17 that his public works projects in Port-au-Prince are threatened regularly by bandits demanding money from those carrying out the projects. He reported that some of his projects are held for ransom by inhabitants of the target neighborhoods who demand money, and in return, promise not to destroy the projects' results. Projects include trash collection, road rehabilitation and canal construction.

¶4. (SBU) Verella also cited the example of the power struggle over the Clean Water Committees his ministry has contracted throughout Port-au-Prince. These committees sell subsidized five-gallon containers of clean water to neighborhoods for one gourd (about one third of one cent). He said certain individuals in the neighborhoods where the water is sold want to have control over the committee so that they can sell the water for an inflated price, re-pay the ministry and make a profit off the top. The Minister said he refuses to pay the bandits and will continue with the projects. He said he has the full cooperation of the

Director General of the Haitian National Police (HNP) Mario Andresol and has asked for more police protection surrounding his projects.

¶5. (U) Verella said that his contractors are often badly supervised and do not carry out the work they are paid to do.

He used the example of street cleaners, who clean only for 30 minutes, instead of four hours, and only in front of the Ministry, instead of throughout the capital.

¶6. (SBU) Comment: It is not unusual in Haiti to see criminal activities surrounding those projects which attempt to bring order and stability to some of Haiti's most volatile neighborhoods. The best solution is Verella's own: developing a partnership with the HNP and pairing public works projects with a stronger security presence, in addition to ensuring broad-based community support for the programs. End comment.

Haiti Needs U.S. Business "Savoir Faire.."

- - - - -

¶7. (U) According to Verella, the most important contribution the U.S. can make to Haiti's development is technical and managerial expertise for the business sector. He recognized the wealth of knowledge, particularly among the Haitian diaspora, that the U.S. could offer Haiti's maturing small and medium size enterprise sector, both through training programs and joint-venture enterprises. He underscored how difficult it is for his ministry to absorb international aid because of a general lack of capacity to carry out large-scale infrastructure projects. The Ambassador agreed that this is a potential partnership worth exploring.

PORT AU PR 00001311 002 OF 002

..And Private Operators for State-Run Electricity and Telecom Sectors

- - - - -

¶8. (U) Verella discussed the possibility of introducing private companies as operators for the state-owned electricity and telecom companies. He suggested that the GOH could put out a tender for various suppliers to serve as operators. Specifically, he mentioned targeting Verizon, Cingular and France Telecom for the national telecom company; and Alstom and E-Power for Haiti's national electricity company. He recognized that the ailing electricity company (Electricity d'Haiti -- EDH) would need more than a private operator to turn it into a reliable supplier of energy. He told the Ambassador of plans to repair electricity equipment throughout the country and discuss with the top energy consumers how the state can better provide electricity service. (Comment: Verella's enthusiasm for private operators was clear, but Post has no illusions that this may actually be GOH first steps to privatization. Given bureaucratic inefficiencies and corruption, prospects, particularly for EDH, still look dim.)

SANDERSON